



State of Delaware
Water Infrastructure Advisory Council
97 Commerce Way, Suite 106
Dover, Delaware 19904

Telephone: (302) 739-9941
FAX: (302) 739-2137

Minutes of the 145th Meeting

August 15, 2018

The Water Infrastructure Advisory Council held a public meeting on Wednesday, August 15, 2018, at 9:00 a.m., at Kent County Administrative Complex, 555 Bay Road, Conference Room 220, Dover, Delaware.

MEMBERS PRESENT:

Jeffrey Bross, Chairman
Hans Medlarz, Vice-Chair
Desmond Baker
Jeffrey Flynn arrived at 9:09a.m.
Richard Duncan
Charles Anderson
Jen Adkins
Bruce W. Jones
Eugene Dvornick
Robert Stickels
Michael Harmer
Carolann Wicks

MEMBERS ABSENT:

Dave Baker

OTHERS PRESENT WERE:

Carla Cassell-Carter, Environmental Finance
Laura Rafferty, Environmental Finance
Davison Mwale, Environmental Finance
Robert C. Burns, Environmental Finance
Charles Santo, Environmental Finance
Laura Robbins, Environmental Finance
Keith Kooker, Environmental Finance
Reza Moqtaderi, Environmental Finance
Greg Pope, Environmental Finance
James Sullivan, DNREC
Terry Deputy, DNREC

Bob Zimmerman, DNREC
Ralph K. Durstein III, DNREC/DOJ
Doug Lodge, DHSS/DPH
Heather Warren, DHSS/DPH
Ashley Kunder, DHSS/ODW
Julio Seneus, DNREC
Kristin Barnekov-Short, DNREC
Jack Hayes, DNREC/GWDS
Kevin Donnelly, NCCD
Chris Brendza, JMT
Frank Paquette, Kent County
David Athey, AECOM
Ken Branner, Artesian
Mikeal Gaines, Black & Veatch
Mike Gilbert, WRA
Stacy McNatt, NCC PW
Elinor Blackwell, NCC PW
Matt Demo, City of Wilmington
Vincent Carroccia, City of Wilmington
Chris Edginton, Milton, DE

CALL TO ORDER PUBLIC MEETING:

Meeting came to order at 9:00 a.m.

APPROVAL OF THE AGENDA:

Chairman Bross announced that subcommittee meetings would be listed at the top of the agenda. Motion made by Mr. Duncan, seconded by Mr. Dvornick to approve the agenda. Motion carried unanimously.

APPROVAL OF MINUTES –June 20, 2018 Public Meeting Minutes:

Motion made by Vice-Chair Medlarz, seconded by Ms. Adkins to approve the June 20, 2018, public meeting minutes. Motion carried unanimously.

WIAC-INFORMATIONAL:

Chairman Bross presented Andrew (Andy) Burger with a plaque to commemorate his time as a WIAC member. Mr. Burger started serving in 2000 and retired this year: he has been the longest serving member. Chairman Bross thanked Mr. Burger for all his service.

Kristin Barnekov-Short (DNREC's Chief of Staff) presented a tribute from Governor John Carney and Lt. Governor Bethany Hall-Long to Mr. Burger.

Mr. Burger thanked everyone for his plaque and tribute.

Greg Pope presented an update on the **Wastewater and Drinking Water Statewide Facilities Needs Assessment schedule:**

- Finalize RFP document – January 2018
- Advertising of WW and DW RFP (4 weeks) – January 28, 2018
- Proposals due – February 28, 2018
- Review Team Ranking Proposals – June 2018
- Selecting Lead Candidate(s) - June 2018
- Negotiating with Lead Candidate(s) – July/August 2018
- Awarding Contracts and Issuing POs – August/September 2018

Greg Pope announced the upcoming **August 22, 2018, SRF Public Workshop and Solicitation for Clean Water and Drinking Water.** The workshop will be held at the DNREC Auditorium, 89 Kings Highway, Dover, and will begin at 10:00am.

August 15- Second 2018 Solicitation Opens

August 22- Public Workshop

September 14- Project NOIs Due

October 17- PPL/NOI Public Meeting

October 30- Revised 2018 PPL/IUP Submitted to EPA by month end for approval

NEW BUSINESS:

CWSRF LOAN REQUESTS

Davison Mwale presented the **Scope Expansion for the Division of Parks and Recreation's Lums Pond Campground.**

Project Description: The Water Infrastructure Advisory Council (WIAC) approved a Clean Water State Revolving Fund (CWSRF) loan (\$5,660,340) to the Division of Parks and Recreation on August 19, 2015, to finance the construction of water, sewer and electric utilities (or 3-point hookups) and upgrade three existing pump stations at Lums Pond campground. Final acceptance of the project was issued on December 1, 2017, with a total project cost of \$5,354,863.34, which left a loan balance of \$305,476.66.

(a) Campground Drainage and Yard Hydrants (\$54,950)

A few months after receipt of final acceptance, campers started reporting problems associated with poor drainage of the campground in numerous areas. The Division of Parks and Recreation hired a new contractor to resolve the issues at a total cost of \$54,950.

The Division of Parks and Recreation is requesting WIAC approval for reimbursement of \$54,950 from the remaining loan balance.

(b) Rehabilitation of Wastewater Treatment Plant (\$250,526.66)

Effluent from the campground discharges to an old wastewater treatment facility (WWTF) adjacent to the campground. Following the utilities (or 3-point hookups) improvements, the effluent quality at the WWTF is not meeting NPDES permit requirements.

To ensure compliance with the NPDES permit, the Division of Parks and Recreation proposes to rehabilitate the WWTF, by installing new blowers, disinfection system, chain/collector drives for sludge collection and a new electric control panel.

The Division of Parks and Recreation is requesting WIAC approval to utilize the remaining loan balance of \$250,526.66 to undertake rehabilitation of the WWTF.

Project Construction: Start: November 2018 Complete: March 2019

Recommendation: Environmental Finance recommends Council approve the \$54,950 reimbursement to the Division of Parks and Recreation for the correction of drainage and water hydrant issues, and approve the use of the remaining \$250,526.66 to undertake rehabilitation of the wastewater treatment facility. The loan terms will remain the same at 2.0% for 20 years.

Motion made by Mr. Dvornick, seconded by Mr. Duncan to approve the Parks and Recreation's \$54,950 reimbursement for campground drainage and yard hydrants and \$250,526.66 to rehabilitate the Wastewater Treatment Facility. Motion carried unanimously.

Davison Mwale presented **New Castle County's Woodside Court and Hockessin Greene Stormwater Pond Projects.**

Project Description: New Castle County is requesting \$800,000 from the Delaware Clean Water State Revolving Fund (CWSRF), to finance the rehabilitation of two existing stormwater ponds, located at Woodside Court (\$400,000) and Hockessin Greene (\$400,000).

Environmental Review: All proposed work will occur in previously disturbed areas and the projects qualified for a categorical exclusion (CE). The CE determination for the proposed projects was advertised May 13, 2018 to June 13, 2018.

Project Construction

Woodside Court: September 2018 -April 2019
Hockessin Greene: June 2019 – April 2020

Woodside Court: Dry pond constructed in 1998 that receives 5+ acres of runoff; major settlement accumulation, outlet structure deteriorated and embankment erosion; Work will consist of a constructed wetland, construction of new forebay, reconstruction of embankment, and installation of a new outlet structure

Hockessin Greene: Dry pond, constructed in 1991, 33 acres of runoff; sedimentation, overgrown vegetation and conflict with sewer line; Work will consist of construction of new forebays, installation of new outlet structure, and a barrel for extended detention.

<u>Project Budget</u>	Hockessin Greene	Woodside Court
a. Administration	\$0	\$0
i. Land, Right of Way	\$0	\$0
ii. Legal	\$0	\$0
b. Engineering	<u>\$50,000</u>	<u>\$50,000</u>
i. Basic	\$50,000	\$50,000
ii. Inspection	\$0	\$0
c. Construction	<u>\$350,000</u>	<u>\$400,000</u>
i. Construction	\$350,000	\$325,000
ii. Survey-Layout		\$75,000
d. Other	<u>\$0</u>	<u>\$0</u>

e. Contingencies	<u>\$20,000</u>	<u>\$20,000</u>
Total	<u>\$420,000</u>	<u>\$470,000</u>
<u>Project Funding</u>		
New Castle County Capital Funds	\$20,000	\$70,000
<u>CWSRF Loan</u>	<u>\$400,000</u>	<u>\$400,000</u>

Robert Burns presented the following financial information:

Affordability Summary - User Rates: Due to the low annual expense for these projects and the high number of EDU's associated with them, the potential effect on individual user rates is minimal. The increase is estimated at just \$0.25 annually per EDU. When the utility provides only wastewater services the affordability criteria is 1.5% of MHI. The projects result in a user rate estimated at \$410 per EDU, 0.63% of MHI, thus the projects are deemed affordable.

Affordability Analysis

Hockessin Greene	\$400,000
Woodside Court	\$400,000
Total Loan Amount	<u>\$800,000</u>
Interest Rate	2.394%
Loan Terms Years	20
Annual Debt Service, New Facility	\$50,572
Annual Debt Service (includes previously approved SRF Loans)	\$1,382,425
Existing Debt Service	\$11,126,872
Increase in O,M & R	\$0
O,M & R Cost, Existing Facility	\$70,337,270
Total Cost New Facility	<u>\$82,897,798</u>
Residential Share at 59.2%	<u>\$49,075,106</u>
EDU's	119,582
Project Cost per EDU	\$0.25
Total Estimated Annual Charge Per EDU	<u>\$410</u>
Median Household Income	\$65,476
% of MHI	<u>0.63%</u>

Proposed Loan Terms: Secured by a General Obligation Bond Pledge of the County will full faith, credit, and taxing power; 2.394% interest; 20-year term;

Recommendation: Environmental Finance recommends Council approval and recommendation of CWSRF Binding Loan Commitments to New Castle County in the amount of \$400,000 for the Hockessin Greene Project and \$400,000 for the Woodside Park Project. The County will be required to pay 2.394% interest semi-annually during project construction. Upon completion, principal and interest payments shall be paid semi-annually in an amount sufficient to amortize the outstanding principal balance over the 20-year terms of both loans.

Motion made by Vice-Chair Medlarz, seconded by Mr. Flynn to approve the CWSRF Binding Loan Commitments for New Castle County's Hockessin Greene Project (\$400,000) and Woodside Park Project (\$400,000). Motion carried unanimously.

WIAC would like to see the costs per removal of pollutant (nitrogen and phosphorus) with this project: this is just for informational purposes and not a requirement. New Castle County will forward this information to Environmental Finance.

Davison Mwale presented **New Castle County's Mt. Pleasant Interceptor Project**

Project Description: New Castle County requests \$5,384,000 from the Delaware Clean Water State Revolving Fund to finance the construction of 5,500 linear feet of 30 inch gravity sewer interceptor to serve the Whispering Woods and surrounding community.

Project Construction:

- Begin February 2019
- Complete April 2020

Environmental Review: Subjected to Public Notification of a Finding of No Significant Impact (FONSI) between May 13, 2018, and June 13, 2018.

Project Budget

a. Administration	<u>\$100,000</u>
i. Land, Right of Way	\$50,000
ii. Legal	\$50,000
b. Engineering	<u>\$719,000</u>
i. Basic	\$267,000
ii. Inspection	\$452,000
c. Construction	<u>\$4,112,000</u>
i. Construction	\$4,112,000
d. Other	<u>\$0</u>
e. Contingencies	<u>\$453,000</u>
Total	<u>\$5,384,000</u>

Project Funding

CWSRF Loan	<u>\$5,384,000</u>
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Robert Burns presented the following financial information:

Due to the low annual expense for this project and the high number of EDU's associated with it, the potential effect on individual user rates is minimal. The increase is estimated at just \$1.68 annually per EDU.

When the utility provides only wastewater services the affordability criteria is 1.5% of MHI. The project results in a user rate estimated at \$412 per EDU, 0.63% of MHI, thus the project is deemed affordable.

Affordability Analysis

Estimated Project Cost	\$5,384,000
Loan Amount	<u>\$5,384,000</u>
Interest Rate	2.394%

Loan Terms Years	20
Annual Debt Service, New Facility	\$340,348
Annual Debt Service (includes previously approved SRF Loans)	\$1,382,425
Existing Debt Service	\$11,126,872
Increase in O,M & R	\$0
O,M & R Cost, Existing Facility	\$70,337,270
Total Cost New Facility	<u>\$83,186,914</u>
Residential Share at 59.2%	<u>\$49,246,653</u>
EDU's	119,582
Project Cost per EDU	\$1.68
Total Estimated Annual Charge Per EDU	<u>\$412</u>
Median Household Income	\$65,476
% of MHI	<u>0.63%</u>

Proposed Loan Terms: Secured by a General Obligation Bond Pledge of the County will full faith, credit, and taxing power; 2.394% interest; 20-year term;

Recommendation: Environmental Finance recommends Council approval and recommendation of a CWSRF Binding Loan Commitment in the amount of \$5,384,000 to New Castle County for the proposed project. The County will be required to pay 2.394% interest semi-annually during project construction. Upon completion, principal and interest payments shall be paid semi-annually in an amount sufficient to amortize the outstanding principal balance over the 20-year term.

Motion made by Mr. Harmer, seconded by Vice-Chair Medlarz to approve the CWSRF Binding Loan Commitment (\$5,384,000) to New Castle County for the Mt. Pleasant Interceptor Project. Motion carried unanimously.

DWSRF LOAN REQUESTS

Doug Lodge presented the following on the **City of Wilmington's Transmission and Distribution Water Main Improvements (Phase II)**

Project Description: The City of Wilmington is requesting \$4,000,000 for the replacement of a redundant transmission line to reduce the potential for water outages, provide an alternative means for water in case of repairs, and promote water conservation as the current main is leaking potable water. Also, there is only one reliable crossing for the Brandywine River.

Purpose and Need: The level of service to all customers within the entire service district will be improved by providing a reliable, redundant transmission network of large diameter piping; the water produced from either treatment plant (Brandywine or Porter) will be able to serve the entire city.

Environmental Review: Categorical Exclusion was issued.

Capacity Development Review: Currently undergoing review by the Office of Drinking Water's Capacity Development Team. Loan approval is recommended based on this review,

contingent upon review of final document submissions by the City of Wilmington, prior to issuing a Binding Commitment and loan closing.

Project Costs/Budget

Non-Construction:

Design \$ 200,000

Constuction:

Transmission Main River Crossing \$3,800,000

Total Cost of Project **\$ 4,000,000**

Project Construction:

- Start Date: October 2018
- End Date: October 2019

Laura Robbins presented the following financial information:

Proposed Loan Terms:

- ▶ The ODW Capacity Development Team will review the final document submissions by the City of Wilmington prior to issuance of a Binding Commitment and loan closing.
- ▶ The proposed loan will be secured by a General Obligation Bond Pledge of the City of Wilmington with full faith and credit.
- ▶ During construction, semi-annual installments of 2.394% interest-only payments will be made.
- ▶ Upon completion of the project, the outstanding balance of \$4,000,000 (approximately) will require equal semi-annual principal and interest payments to amortize the outstanding balance over the remaining term, not to exceed 20 years.

<u>Drinking Water Affordability Anlaysis</u>	Transmission & Distribution Water Main Improvements (Phase II)	City of Wilmington Financial Proforma⁽¹⁾
New Total DW Facility Cost (Debt Service/OM&R)	\$33,947,419	\$34,069,241
Residential Share at 40%	\$13,578,967	\$13,627,696
Drinking Water EDU's	33,000	33,000
Total Estimated Annual Charge Per EDU	\$411	\$413
Median Household Income	\$40,065	\$40,065
% of MHI for Drinking Water	<u>1.03%</u>	<u>1.03%</u>

Wastewater Affordability

Total Cost of Wastewater Facility (net NCC Share)	<u>\$17,935,575</u>	<u>\$21,838,462</u>
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Residential Share at 40%	<u>\$7,174,230</u>	<u>\$8,735,385</u>
Cost Per Wastewater EDU	<u>\$329</u>	<u>\$400</u>
Sewer District EDU's	21,824	21,824
% of MHI for Wastewater	0.82%	1.00%
Combined DW & WW as a % of MHI	1.85%	2.03%

¹⁾Includes the recently approved SRF Loans (Debt/OM&R) when fully amortized for Porter Plant, Wetland Park, Shallcross.

There was discussion over stormwater projects being covered by an obligation of wastewater billings, and the applicability of the MHI policy to stormwater. It was suggested that the current MHI policy (2% combined Drinking Water and Wastewater) be reviewed regarding stormwater projects. The review will be undertaken by the Finance Subcommittee and then will be presented at a future WIAC meeting. Other suggestions were taking a look at application information and how the information could be improved regarding commercial users and residential user numbers.

Ms. Robbins reviewed the City of Wilmington's approved FY19 budget and there is an approval to raise the water rates by 4%, but the stormwater rates will stay the same.

Recommendation: Based on the information presented in the City's SRF application and the financial review conducted by DNREC Environmental Finance, the Department of Health and Social Services Division of Public Health recommends Council's approval of a DWSRF Binding Loan Commitment in the amount of \$4,000,000 for the proposed project. The Binding commitment and loan closing are contingent upon the review of the final document submission by the City to the ODW Capacity Development Team.

Motion made by Mr. Duncan, seconded by Mr. Dvornick to approve the DWSRF Binding Loan Commitment (\$4,000,000) for the City of Wilmington's Transmission and Distribution Water Main Improvements (Phase II). Mr. Flynn recused himself from voting because he is a City of Wilmington employee. Mr. Jones recused himself from voting because he has knowledge of the two stormwater projects. Motion carried.

Administrators' Reports

Greg Pope presented the **Project Updates**

- **Lewes-Savannah Place Septic Elimination**
 - Bid opened on July 26th
- **Sussex County-Route 54 Expansion**
 - Substantial Completion on June 29th
- **Sussex County – North Expansion of Angola SSD**
 - Construction – 90% complete
- **Harrington-Sanitary Sewer Capacity Improvements**
 - Pre-construction meeting held June 27th

Carla Cassell-Carter presented the **CWSRF July 2018 Cash Flow Summary**

	in millions
Federal Capitalization Grants (1990 – Present)	\$ 220
State Match (1990 – Present)	\$ 41
DWSRF Transfer	\$ 32
Total Capitalization	\$ 293
Plus: Loan P/I Repayments & Interest on Investments	\$ 195
Less: Loan Disbursements, Principal Forgiveness, & Administration	\$ -404
Available Funds for Loans as of June 30, 2018	\$ 84
Plus: Near-Term Loan Repayments & Interest on Investments (FY 19)	\$ 19
Less: Near-Term Undisbursed Loans Payable (FY19)	\$ -76
Less: DWSRF Transfer (\$31.5)	\$ As Needed
Current Uncommitted Fund Balance	\$ 27
Less: Loan Application Pending Approval (@100% of loan value)	\$ -6
Est. Fund Balance as of July 31, 2018	\$ 21

\$72 million on 24 projects since December for CWSRFLaura Robbins presented the **DWSRF July 2018 Cash Flow Summary**

	in millions
Federal Capitalization Grants Less Set Aside Expenses (1997 – Present)	\$ 162
State Match (1997 – Present)	\$ 38
CWSRF Transfer	\$ -32
Total Capitalization	\$ 168
Plus: Loan P/I Repayments & Interest on Investments	\$ 64
Less: Loan Disbursements	\$ -174
Available Funds for Loans as of June 30, 2018	\$ 58
Plus: Near-Term Loan Repayments & Interest on Investments (FY19)	\$ 10
CWSRF Transfer (\$31.5)	\$ As Needed
Less: Undisbursed Near-Term Loans Payable (FY19)	\$ -28
Current Uncommitted Fund Balance	\$ 40
Less: Loan Application <u>Pending</u> Approval (@100% of loan value)	\$ -4
Est. Balance Available for Loans as of July 31, 2018	\$ 36

Laura Robbins presented the 5 year projections for Delaware Clean Water and Drinking Water Balances Available for Loans

<u>Actual/Projected (in millions)</u>	<u>CWSRF</u>	<u>DWSRF</u>
July 31, 2018	\$84.015	\$58.157
June 30, 2019	\$26.479	\$39.702
June 30, 2020	\$11.227	\$24.105
June 30, 2021	\$ 6.431	\$23.201
June 30, 2022	\$22.979	\$32.778

Note: Management has established a \$5 Million dollar capital reserve for the Fund. This reserve allows the SRF Programs 24 months to prepare for leveraging and associated fees.

SUBCOMMITTEE REPORTS:

Chairman Bross thanked everyone for their Subcommittee work. The new subcommittee organization list was distributed to WIAC members. The Finance Subcommittee will be responsible for outreach.

WASTEWATER: Met on August 8, 2018. Mr. Jones reported that the CWSRF projects presented at today's meeting were discussed.

SURFACE WATER: Met on August 8, 2018. Vice-Chair Medlarz reported that the items of discussion were a Statewide Surface Water Needs Assessment with a \$50,000 scope; the recommended review of three previous County Assessments to assist with the development of the Statewide Surface Water Needs Assessment; NCC's assessment's stormwater utility setup study; time extensions; and grants. At the next WIAC meeting, there should be a recommendation before WIAC to undertake a formal RFP of the stormwater update.

FINANCE: Met on August 7, 2018, via conference call. The projects and the financial information presented at today's meeting were reviewed.

DRINKING WATER: Did not meet. Next meeting scheduled is September 19, 2018, and the location is the DRWA Training Facility.

CONFLICT OF INTEREST POLICY

Chairman Bross announced that at the next WIAC meeting a Conflict of Interest Policy will be formally adopted. WIAC members will subscribe to the policy on an annual basis. The draft was distributed to all WIAC members last month. Members that have any questions may contact Chairman Bross, Carla Cassell-Carter, or Ralph Durstein from the Department of Justice (DOJ).

The goal of the policy is to define conflicts, disclose them, and make a record of it in the meeting minutes. All familial and business relationships must be disclosed (present and future). WIAC members with a conflict should not take part in voting or discussions. Each situation will be taken on a case-by-case basis; Ralph Durstein suggested that WIAC consult legal counsel before the meeting if someone identifies a conflict ahead of the meeting, and then WIAC can make a decision whether or not the member can take part in voting and discussions.

At future meetings, the administrative specialist will keep a separate record for each item voted on that lists the members that abstain or recuse themselves from voting so that a quorum can be determined.

PUBLIC COMMENTS: None

GOOD OF THE COUNCIL: Mr. Harmer recommended participation in Water Week. NACWA (The National Association of Clean Water Agencies) and AWWA (American Water Works Association) hold Water Week in Washington, D.C. every spring. It is a chance to lobby the House of Representatives for the Clean Water and Drinking Water Revolving Loan Funds. Mr. Harmer stated he had an offer for a presentation to WIAC on underground utility locating and the technologies, policies and techniques: this will be placed on a future agenda.

Ms. Cassell-Carter mentioned that Dave Baker requested an update from the Delaware Center for the Inland Bays on their efforts and water quality issues. She contacted Chris Bason and he will provide an update at the December WIAC meeting.

MEETING ADJOURNMENT: Motion made by Mr. Duncan, seconded by Ms. Adkins to adjourn the meeting. Chairman Bross adjourned the meeting at 10:40 a.m. The next WIAC meeting is October 17, 2018, and will be held at Kent County Administrative Complex, Conference Room 220, 555 Bay Road, Dover, DE at 9:00 a.m.